

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 XMB-04 COME-00 TRSE-00 OMB-01
AID-05 IGA-02 PM-05 NSC-05 SP-02 SS-15 CIAE-00
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DEPT PASS EXIM

E.O. 11652: N/A
TAGS: EFIN, BEXP, EMIN, EIND, EINV, GR
SUBJ: GOVERNMENT TRIES TO SPEED UP IMPLEMENTATION OF MAJOR
INVESTMENT PROJECT

REF: A. ATHENS 2368; B. ATHENS 3090; C. ATHENS 4335; D. ATHENS A-78;
E. ATHENS A-44

1. PRIME MINISTER CARAMANLIS MET THIS WEEK WITH ECONOMIC
MINISTERS AND GOVERNMENT BANKERS AND SUBSEQUENTLY ANNOUNCED
ADDITIONAL DETAILS ON MAJOR INVESTMENTS PLANNED BY HELLENIC
INDUSTRIAL DEVELOPMENT BANK (ETVA), HELLENIC INDUSTRIAL
AND MINING INVESTMENT COMPANY (HIMIC) AND NATIONAL INVESTMENT
BANK FOR INDUSTRIAL DEVELOPMENT (NIBID).

2. CARAMANLIS REITERATED THAT THE BASIC PURPOSE OF ETVA,
HIMIC AND NIBID IS TO SUPPORT PRIVATE ENTERPRISE, OR IN THE
ABSENCE OF PRIVATE ENTREPRENEURIAL INTEREST TO TAKE THE
INITIATIVE AND ACT AS A CATALYST. IN VIEW OF THE SLUMP IN
PRIVATE INVESTMENT, HE EMPHASIZED THE LATTER ROLE IS CURRENTLY
VERY SIGNIFICANT FOR THE COUNTRY'S INDUSTRIALIZATION. HE
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ANNOUNCED DOLS 570 MILLION IN PLANNED INVESTMENTS OF ETVA
AND HIMIC IN SEVEN INDUSTRIES, TO BEGIN IN 1978 AND
TO BE COMPLETED IN 1981 AT THE LATEST. IT IS ESTIMATED
THAT THESE INDUSTRIES WILL SAVE THE GREEK ECONOMY DOLS 200
MILLION THROUGH IMPORT SUBSTITUTION AND EXPORT EXPANSION.
DETAILS OF THE ANNOUNCEMENT ARE AS FOLLOWS:
A) PETROCHEMICAL COMPLEX: AS PREVIOUSLY ANNOUNCED (REFS

A, B AND C), HIMIC PLANS TO ESTABLISH A DOLS 640 MILLION PETRO-CHEMICAL COMPLEX IN NEA KARVALI. IT HAS NOW BEEN DECIDED THAT THE FIRST PHASE WILL INCLUDE CONSTRUCTION OF THREE TO FOUR UNITS OUT OF THE EIGHT AT A COST OF AROUND DOLS 300 MILLION.

B) EXPLOITATION OF ASBESTOS DESPOSITS (REF A): ETVA WAS INSTRUCTED TO ESTABLISH A COMPANY FOR THE CONSTRUCTION OF AN ASBESTOS FACTORY WITH 100,000 TONS ANNUAL CAPACITY, TO BE COMPLETED 2-1/2 YEARS FROM NOW. IT IS ESTIMATED THAT THIS DOLS 60 MILLION INVESTMENT WILL RESULT IN DOLS 30 MILLION FOREIGN EXCHANGE SAVINGS ANNUALLY OVER A 20-YEAR PERIOD.

C) FERRO-CHROME INDUSTRY (REF A): HIMIC WILL ESTABLISH A FERRO-CHROME UNIT IN KOZANI WITH AN ANNUAL CAPACITY OF 30,000 TONS, USING LOCAL RAW MATERIAL. IN THE FIRST PHASE FERRO-CHROME WILL BE PRODUCED FOR EXPORT. IN THE SECOND PHASE THE PLANT WILL ALSO PRODUCE STAINLESS STEEL.

D) MESSOLONGHI SALT PANS (REF A): LEGAL PROCEDURES HAVE NOW BEEN COMPLETED AND HIMIC WILL ACQUIRE THE MESSOLONGHI SALT PANS IN NOVEMBER 1977.

E) AMMONIA PLANT IN KAVALA: ETVA WILL ESTABLISH A NEW AMMONIA PLANT IN KAVALA WITH AN ANNUAL CAPACITY OF 330,000 TONS. THE PLAN WILL BE COMPLETED IN THREE YEARS WITH AN ESTIMATED ANNUAL FOREIGN EXCHANGE SAVINGS OF DOLS 15 MILLION.

F) ELECTRONIC TELECOMMUNICATIONS EQUIPMENT PLANT (REF D): ETVA IN COOPERATION WITH HELLENIC TELECOMMUNICATIONS ORGANIZATION (OTE) WILL ESTABLISH A DOLS 30 MILLION ELECTRONIC TELECOMMUNICATIONS EQUIPMENT INDUSTRY, TO BE COMPLETED AFTER UNCLASSIFIED

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TWO YEARS FOLLOWING THE ESTABLISHMENT OF THE TELECOMMUNICATIONS SYSTEM.

G) ANTIBIOTICS PLANT (REF E): ETVA IN COOPERATION WITH GREEK AND FOREIGN FIRMS WILL ESTABLISH A DOLS 2.5 MILLION FACTORY FOR THE PRODUCTION OF SEMI-SYNTHETIC PENICILLIN FOR THE LOCAL MARKET AND EXPORT. FOREIGN EXCHANGE SAVINGS ARE EXPECTED TO BE DOLS 2.5 MILLION ANNUALLY.

3. IN A RELATED DEVELOPMENT, NIBID HAS JUST ANNOUNCED THE SIGNING OF A DOLS 40 MILLION LOAN. INTERNATIONAL FINANCE CORPORATION (IFC) WILL PROVIDE DOLS 5 MILLION WITH 10 YEARS MATURITY AND 3 YEARS GRACE AT 10.25 PERCENT. A CONSORTIUM OF FOREIGN BANKS WILL PROVIDE THE OTHER DOLS 35 MILLION AT SEVEN YEARS MATURITY WITH 3-1/2 YEARS GRACE AND 1.5 PERCENT INTEREST OVER LIBOR. NIBID WILL RELOAN THE MONEY TO GREEK TOURIST, SHIPPING AND INDUSTRIAL ENTERPRISES ON A MEDIUM- AND LONG- TERM BASIS.

4. COMMENT: MOST OF THESE PROJECTS HAVE BEEN IN THE PLANNING STAGE FOR SOME TIME, AND OUR QUARTERLY MAJOR PROJECTS AIRGRAM (REF D) CAN BE CONSULTED FOR PROGRESS REPORTS. THE DECISION TO PROCEED WITH A PLANT FOR

ANTIBIOTICS UNDER ETVA IS NEW, AS IS THE DECISION TO
PROCEED WITH THE PETROCHEMICAL COMPLEX IN STAGES. THE
MAIN SIGNIFICANCE OF THE ANNOUNCEMENT, HOWEVER,
IS THAT IT SIGNALS CONCERN ABOUT THE LAGGING INVESTMENT
SECTOR. TO PRIME THE PUMP AND PERHAPS BOLSTER INVESTOR
CONFIDENCE, THE GOG HAS APPARENTLY DECIDED TO PUSH EVEN
HARDER TO SPEED UP HIMIC AND ETVA PROJECTS ALREADY IN THE
PIPELINE.

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Message Attributes

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Sent Date: 19-Aug-1977 12:00:00 am
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Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
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